

CITY OF ROCK ISLAND  
Douglas County, Washington  
January 1, 1994 Through December 31, 1995

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Schedule Of Findings

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1. Internal Controls Over Cash Receipts At The Rock Island Golf Course Should Be Improved

The city leases the operation of the city golf course. Under the terms of the lease agreement, the lessee pays the city a fixed monthly fee and 5 percent of membership and green fees collected. The terms of the lease agreement also give the city the authority to inspect golf course financial records.

During our audit of the Rock Island Golf Course, we noted the following internal control weaknesses in the cash receipting system:

- a. The cash register was broken and the drawer was left open. As a result, transactions could be made through the cash register without being recorded on the cash register tape.
- b. Cash register receipts were not given to customers.
- c. Prior to deposit, receipts from the Rock Island Golf Course were commingled with receipts from the lessee's private golf course. The lessee could not prove that all receipts related to the Rock Island Golf Course were deposited.
- d. Receipts were not deposited on a timely basis.
- e. A reconciliation of receipts and membership accounts was not performed. The lessee could not ensure that all members had paid their fee.

These weaknesses increase the risk that errors and/or theft may occur and not be detected in a timely manner, if at all. In addition, the city cannot be assured that the lessee remitted the proper amounts. During 1995, the golf course generated approximately \$212,100 in membership and green fees.

We recommend city officials ensure that internal controls over cash receipts are improved at the golf course. We further recommend city officials continue to inspect golf course financial records in accordance with the lease agreement.

Auditee's Response

*The city will be addressing each item as follows:*

- a. *Lessee now has in place a cash register with a working drawer. Transactions will be recorded on the register tape.*

- b. *The cash register prints out receipts and the receipts will be given to the customers.*
- c. *Lessee will no longer commingle receipts from both golf courses. Deposits and receipts for the Rock Island Golf Course will be kept separate.*
- d. *Receipts will be made on a timely basis, at least once a week.*
- e. *Lessee will keep two types of records on membership accounts. A membership card log, and also a receipt log.*

*City officials will be inspecting the golf course financial records on a more timely basis.*

2. The City Should Comply With The Open Public Meetings Act

During our review of city council minutes, we noted that the city did not comply with the Open Public Meetings Act. The reasons for executive sessions were not consistently disclosed. In addition, executive sessions were held for purposes not allowed by statute. We noted that the 1995 budget was discussed in executive session.

RCW 42.30.110 is a section of the Open Public Meetings Act which governs executive sessions. It requires the purpose of the executive session to be announced prior to convening in executive session. It also lists the 11 allowable reasons for holding an executive session.

These executive session requirements were discussed with city officials in prior audits.

As a result of the noncompliance, the public was not adequately informed and was denied an opportunity for comment.

We recommend the city comply with the provisions of the Open Public Meetings Act for all executive sessions.